DOCUMENT RESUME

ED 355 439 CE 063 346

AUTHOR Palmer, Teresa M.
TITLE Human Resource Development and the Corporate Mission Statement.
PUB DATE Nov 92
NOTE 10p.; Paper presented at the Annual Meeting of the American Association for Adult and Continuing Education (Anaheim, CA, November 4-7, 1992).
PUB TYPE Speeches/Conference Papers (150) -- Viewpoints (Opinion/Position Papers, Essays, etc.) (120)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Adult Education; *Business; Human Resources; *Labor Force Development; *Manufacturing Industry; *Mission Statements; *Personnel Policy; Questionnaires; Research; *Services
IDENTIFIERS Corporations; Fortune 500

ABSTRACT

Two research projects examined the extent to which corporate commitment to human resource development is reflected in mission statements. In the first study, a questionnaire designed to elicit training data was sent to 333 Fortune 500 manufacturing and service firms; 81 completed questionnaires were returned. Sixty-nine percent of the respondents indicated their organizations had formal policies recognizing human resources as an essential corporate asset; 9 of the 13 industries included in the study had a majority of responding firms indicate that corporate policy related to human resources had changed in the last 5 years. In the second study, a letter was sent to the director of human resources at 256 Fortune 500 manufacturing firms from 7 selected industries and 245 Fortune 500 service firms from 5 service industries requesting a copy of the firm's mission statement and/or goals. Responses were received from 103 firms; 86 sent some form of mission statement. Although total returns in the manufacturing and service sectors were similar (16.4 and 17.9 percent), among industries there was a great range of response rates: 6 percent of savings institutions and 32 percent of utility companies sent mission statements. A number of firms responded that they did not have mission statements. Mission statements ranged from simple one-sentence descriptions of the nature of the business or goal statements to 5-10 pages of text. Twenty-five mission statements contained no mention of employees. (Contains 30 references.) (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED355439

AAACE

1992 ADULT EDUCATION CONFERENCE

November 4 - 7
Anaheim, California

HUMAN RESOURCE DEVELOPMENT AND THE CORPORATE MISSION STATEMENT

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

T Palmer

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Teresa M. Palmer, Professor
Human Resource Development
Business Education and Administrative Services
Illinois State University
Normal, IL 61761-6901
(309) 438-7205 (office)
(309) 438-5510 (FAX)

CE063342

BEST COPY AVAILABLE

HUMAN RESOURCE DEVELOPMENT AND THE CORPORATE MISSION STATEMENT

During the fledgling years of the science of economics, land, labor, and capital were identified as the basic factors of production. In the agrarian economy that prevailed until the industrial revolution, the formula for increasing productivity involved cultivating more land and adding more units of labor rather than altering the types of labor units. That approach changed with the industrial revolution when most productivity increases resulted from increased investment in machinery and tools.

The marginal productivity of both technological advancements and added units of labor in most industries today is fairly small. Much of the increase in productivity that has occurred in recent years has been the result of the increased quality of the workforce rather than resulting from more units of labor or added capital. The importance of developing human resources as a means of increasing productivity has been extensively documented by economists such as Schultz, Becker, and Mincer. Schultz (1981) recognized the problems inherent in today's globally competitive marketplace when he stated "natural resources, physical capital, and raw labor are not sufficient in developing a highly productive economy. A wide array of human skills are essential...without them the economic prospects are bleak." The two most common methods of increasing human skills are educating and training. Most employers offer "training in conjunction with the production of goods" (Becker, 1975).

Today, individuals and groups from both industry and government are calling for a greater commitment of resources from all concerned parties to improve the current and future job skills of the American labor force. The current functional illiteracy rate is alarming. There is already a noticeable gap between labor force skills and needed job skills. Both employers and employees are underinvesting in training from a societal point of view. Without significant change, the outlook is bleak. Without considerable investment in human resources, the United States of America can expect its competitive position in the world to continue to erode and its standard of living to decline.

Some of the indicators of the commitment on the part of business to invest in training for its employees include expenditures on training and development and formal corporate policies related to training and human resource development.

In discussing items critical to success in the new economic environment following European unity, Greg and Thöne (1990) identified three broad areas: long-term strategic vision and leadership; comprehensive human resource plans and policies; and heavy capital investment. In comparing North American and European companies, they suggest that the articulation of corporate mission and vision may be an important attribute that differentiates levels of success.

While corporate mission is a fairly commonly used term, its meaning in use is not always clear (or uniform). Campbell and Yeung (1991) identify two schools of thought about corporate missions. The strategy school, that defines mission as a strategic tool defining the commercial rationale and target market of the business; while the culture school views mission as a statement incorporating strong norms and values whose purpose is to generate cooperation among employees through shared values. One aspect of the ambiguity of the term mission is how it relates to vision. Collins and Porras, in The Economist (1991), defined mission as a specific measurable objective or goal that is attainable (but with risk) within a defined time frame. That, plus the philosophy of the organization are necessary to create a vision. They believe that corporate visions should last at least a century.

Osborne (1991) described the uses and benefits of core value statements to organizations as being particularly important for crisis management, strategic change, and growth management. He went on to describe the process of successful development of value statements as being dependent on active participation of senior employees, clarity of statement, and "integration with operating procedures.

In a study of the mission statements of Business Week 1000 firms, concern for employees was the last of the nine components identified by David (1989) as being a part of company mission statements. This component was not characterized by specific investment in human resource development. Additionally, David's study concluded that service firms generally had less comprehensive mission statements than manufacturing firms.

The purpose of this paper is to try to determine to what extent corporate commitment to human resource development is reflected in corporate mission statements. It reflects the results of two research projects.

The First Study

A questionnaire designed to elicit training data was sent to a sample of 333 Fortune 500 manufacturing and service firms. Eighty-one (24%) completed questionnaires were returned.

Findings

Sixty-nine percent of those responding (in both manufacturing and service sectors) indicated that their organizations had formal policies recognizing human resources as an essential corporate asset. Nine of the 13 industries included had a majority of responding firms indicate that corporate policy related to human resources had changed in the last five years (Palmer, 1992). Comments included:

"Developed strategic HR plan, HR Director elevated to report to Pres. of Div."

"Will be regarded as an essential aspect of the corporate business team."

"Significant increase in use of HR for strategic planning."

"HR is regarded as a necessary evil rather than a hindrance."

"We expect HR to be considered an asset—not an expense."

"More vital/integral role in corporate structure and planning process."

"Definitive statement re: importance of HR to achieving our business goals."

These and other responses suggested that the way in which corporate management views its human resources may be changing.

The Second Study

A letter was sent to the director of human resources at 256 Fortune 500 manufacturing firms from seven selected industries (chemicals, food, electronics, forest products, industrial and farm equipment, metals, and petroleum refining) requesting a copy of the firm's mission statement and/or goals. The same letter was sent to 245 Fortune 500 service firms from five service industries (life insurance, savings, transportation, retailing, and utilities). Responses were received from 103 firms (21%) with 86 (18%) sending some form of mission statement. (See Table 1 for more complete survey information.)

TABLE 1

Survey Data

	Number Sent	Number Returned	Mission Statements	Mission Statement as Percent of Number Sent
MANUFACTURING INDUSTRIES				
Chemical	41	13	11	26.8
Food	48	9	8	16.7
Electronics	43	8	5	11.6
Forest products	36	7	4	11.9
Indust. & Farm Equip.	34	8	8	23.5
Metals	27	4	4	14.8
Petroleum Refining	27	5	2	7.4
TOTAL	256	54	42	16.4
SERVICE INDUSTRIES				
Life Insurance	47	8	8	17.0
Savings	49	5	3	6.1
Transportation	49	12	12	24.5
Retailing	50	8	5	10.0
Utilities	50	16	16	32.0
TOTAL	245	49	44	17.9
GRAND TOTALS	501	103 (21%)	86 (17.2%)	

Findings

The analysis of the data received is not yet complete. The findings reported below reflect only the preliminary analysis.

Of the 501 requests sent, 103 (21%) generated responses, and 86 (17.2%) sent mission/policy statements. While total returns in the manufacturing and service sectors were similar (16.4% and 17.9%), among industries there was a great range of response rates. Six percent of savings institutions queried sent mission statements while 32% of utility companies did. A number of firms responded that they did not have mission statements. A few indicated that such statements were confidential. One indicated that since the firm was in conservatorship with the Resolution Trust Company, it had no functional mission statement.

There was a tremendous range in the size and formats used. A number of mission statements were simple one sentence descriptions of the nature of the business or goal statements. Others were extensive, often including five to ten pages of text. Format ranged from wallet sized cards obviously intended to be distributed to employees (and, in many cases, customers), to multi-page, glossy booklets.

The material that arrived came under many different titles. Some of the various labels on material received included:

Vision	Operating Practices
Mission	Statements Of Policy
Values, Core Values	Guiding Principles
Beliefs	Strategies
Goals	

In many cases, responding firms sent several documents, usually parts of an integrated package. A number sent annual reports. These were not counted as mission statements.

At this stage in the analysis, there appear to be six different categories of statements.

1. Those that include no mention, direct or indirect, of human resources or employees.

2. Those that include mention of the employee solely as a stakeholder. These would be somewhat analogous to David's (1989) component "concern for employees."

3. Human resources/employees are mentioned as critical to the firm's success. Examples of this category included:

   "Our people are our fundamental strength."
   "People are our most valuable asset."
   "Our people make the difference in our performance."

4. General statements that encourage/support inferences of support for training and development or imply support for such activities. Inferences might be supported by statements calling for the use of the newest technology or self-managed work teams, as those actions are customarily associated with training. Implied support included statements that encouraged development without directly saying that the firm would supply development activities. Examples in this category included:

   "Develop maximum potential."
   "Empowerment of employees."
   "Educational growth is a goal."
   "...emphasize employee development."

5. Statements that describe organizational commitment to human resource development through providing support and activities to employees. Examples included:

   "Maintain necessary training activity to insure a professional workforce."
   "Provide every [employee] with the training and tools necessary to contribute to the quality effort."
   "Employees are encouraged to participate in company-sponsored training programs..."
   "During the next 18 months, all ——employees will receive training in Continuous Quality Improvement."

6. Those providing a quantified commitment to the supporting of training and development. Only two of the 86 mission statements went this far. They said:

   "Invest in training and development at a rate of 2% of payroll."
   "_____ encourages ongoing formal and informal training programs with the goal of all employees receiving 40 hours each year.

   Both of these firms were in manufacturing industries.

Twenty-five mission statements contained no mention of employees in mission statements. It would be incorrect to infer from this that 29% of firms don't value their human resources or intend to support HRD. Many of those statements not mentioning employees were the very brief mission statements.

The real assessment of how much importance firms place on human resource development will be determined by actions beyond writing mission and policy statements. The efforts that a firm makes to attract, maintain, and develop a productive workforce will undoubtedly be a critical factor in its market success.

BIBLIOGRAPHY

ASTD (1986). Serving The New Corporation. The American Society for Training and Development, Alexandria, VA.

ASTD (1989). Training America: Learning To Work For The 21st Century. The American Society for Training and Development, Alexandria, VA.

Becker, G. (1975). Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education, second edition. The University of Chicago Press, Chicago.

Blaug, M. (1970). Economics of Education, second edition. London.

Campbell, Andrew and Sally Yeung (1991). Creating A Sense of Mission. Long Range Planning, 24(4), 10-20.

Cochran, D. and F. R. David (1987). The Communication Effectiveness of Organizational Mission Statements. Journal of Applied Communication Research, 14(2), 108-118.

Cochran, Daniel S. and Janet A. Dolan (1984). Qualitative Research: An Alternative to Quantitative Research in Communication. Journal of Business Communication, 21(fall), 25-32.

Cross, L. (1989). The Changing Workforce. Graphic Arts Monthly, 61(6), 38-45.

David, Fred R. (1989). How Companies Define Their Mission. Long Range Planning, 22(1), 90-97.

Feldman, Stuart (1991). Boulevard Bancorp: A Good Rate of Return. Personnel, 68 (Sept.), 11.

Greg, Ronald J. and Ted J. F. Thöne (1990). Differences Between North American and European Corporate Cultures. The Canadian Business Review, 17(August), 26-30.

Hallet, J. J. (1987). Our Most Important Asset? Personnel Administrator, 32(12), 22-25.

Klein, E. (1990). Tomorrow's Work Force. D&B Reports, 38(1), 30-34.

Landen, Delmar L. and Gayle A. Landen (1991). Corporate Constitutions Help Define Companies' Character, Culture, and Quality. Employment Relations Today, 18(summer), 203-211.

Lloyd, T. (1989). Winning the Budget Battle. Training, 26-(5), 55-62.

McKenna, J. F. (1990). Take the "A" Training. Industry Week, 239, 22-29.

Meyer, K. A. (1987). The Work Commitment of Adolescents: Progressive Attachment to the Work Force. Career Development Quarterly, 36, 140-147.

Mincer, J. (1970). The Distribution of Labor Incomes: A Survey With Special Reference to the Human Capital Approach. Journal of Economic Literature, 8(1), 1-26.

Nystrom, Paul C. (1990). Differences in Moral Values Between Corporations. Journal of Business Ethics, 9(Dec.), 971-979.

Odom, Randall Y., W. Randy Boxx, and Mark G. Dunn (1990). Organizationial Cultures, Commitment, Satisfaction and Cohesion. Public Productivity and Management Review, 14(winter), 157-169.

Osborne, Richard L. (1991). Core Value Statements: The Corporate Compass. Business Horizons, 34(Sept./Oct.), 28-34.

Palmer, T. (1992). Adult Education and Human Capital: Leadership from the Fortune 500. Adult Learning, (Nov./Dec.) (in press).

Pearce, J. A., II and F. R. David (1987). Corporate Mission Statements: The Bottom Line. Academy of Management Executive.

Rhodes, F. H. T. and Horner, L. D. (1990). Education, Human Capital, and the Public Agenda. Chief Executive, 50-54.

Rice, G. R. (1989). Capital-skill Complementarity and the Interregional Distribution of Human Capital in US Manufacturing. Applied Economics, 21(8), 1087-1098.

Rogers, Pricilla and John Swales (1990). We the People...at Dana. Journal of Business Communication.

Schultz, T. W. (1981). Investing in People: The Economics of Population Quality. University of California Press, Berkeley.

Stein, B. (1990). Human Capital: A Chilling Fable for America. Business Month, 135, 10-11.

Stein, J. (1989). The High Cost of Not Training. ComputerWorld, 23, 124.

The Vision Thing (1991). The Economist, 321(Nov.9), 81.